

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/12/01

AGENDA ITEM 6

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Downtown Business Improvement Area (DBIA) Consideration of Modified Annual Levy and Modified DBIA Zones

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution confirming the approved DBIA Annual Report, and authorizing the DBIA levy and benefit zone changes for calendar year 2002.

BACKGROUND:

The Hayward Downtown Business Improvement Area (DBIA) was established to promote downtown economic revitalization through a variety of efforts, including beautification, marketing, and hosting public events. Most businesses within the DBIA boundary pay an annual levy that is utilized to partially fund activities such as the Antique Faire, Thursday Night Summer Parties and the "Light Up The Season!" celebration.

On May 22, 2001, the City Council accepted the FY 2000-01 DBIA Annual Report and the FY 2001-02 budget recommendations submitted by the DBIA Advisory Board, and established June 12, 2001 as the public hearing date to consider protests to the levy and benefit zone modifications. The Board recommended changes to the benefit zones within the district and changes to the levies within each zone. The purpose of the recommended changes is to achieve greater equity in the levy system.

Currently, each business pays an assessment based on: location of the business within one of two benefit zones, and the type of business. Businesses pay a higher rate in Zone 1 than in Zone 2, in recognition of the fact that Zone 1 businesses benefit more directly from the DBIA activities frequently located in that zone (Exhibit A). The levy is also based on the type of business. Service businesses, professional offices, and financial institutions pay a flat rate. Retail businesses pay a levy ranging from \$120 to a maximum of \$500 in Zone 1, depending on their annual gross receipts. Levies for retail businesses in Zone 2 can range from \$90 to a maximum of \$375. The proposed fee schedule essentially increases the levy by \$25 in the new Zone 1A, and lowers the maximum amount in the other zones by \$100 in Zone 1 and \$75 in Zone 2 (Exhibit B).


The DBIA Advisory Board has been considering an on-going concern of perceived inequity in the levy system. The core issue relates to the assertion that businesses in the outlying DBIA receive less benefit from the DBIA activities located in the core downtown area of B Street and Main Street. Consequently, there was a desire to adjust the levy system to reflect a stronger nexus between the benefits derived and the levy paid. The Advisory Board spent a significant amount of time discussing this issue during the past year.

Staff projects no significant net change to the total DBIA revenues under the new levy system. The Board held a general meeting on May 31, 2001 receive input on the proposal. One business owner expressed dissatisfaction with the DBIA levy in general. Additional comments expressed at this meeting were general in nature and no written protests were received regarding the proposed levy and benefit zone changes. Public notices of the meeting were mailed to each business within the DBIA.

Prepared by:


Maret Bartlett, Redevelopment Director

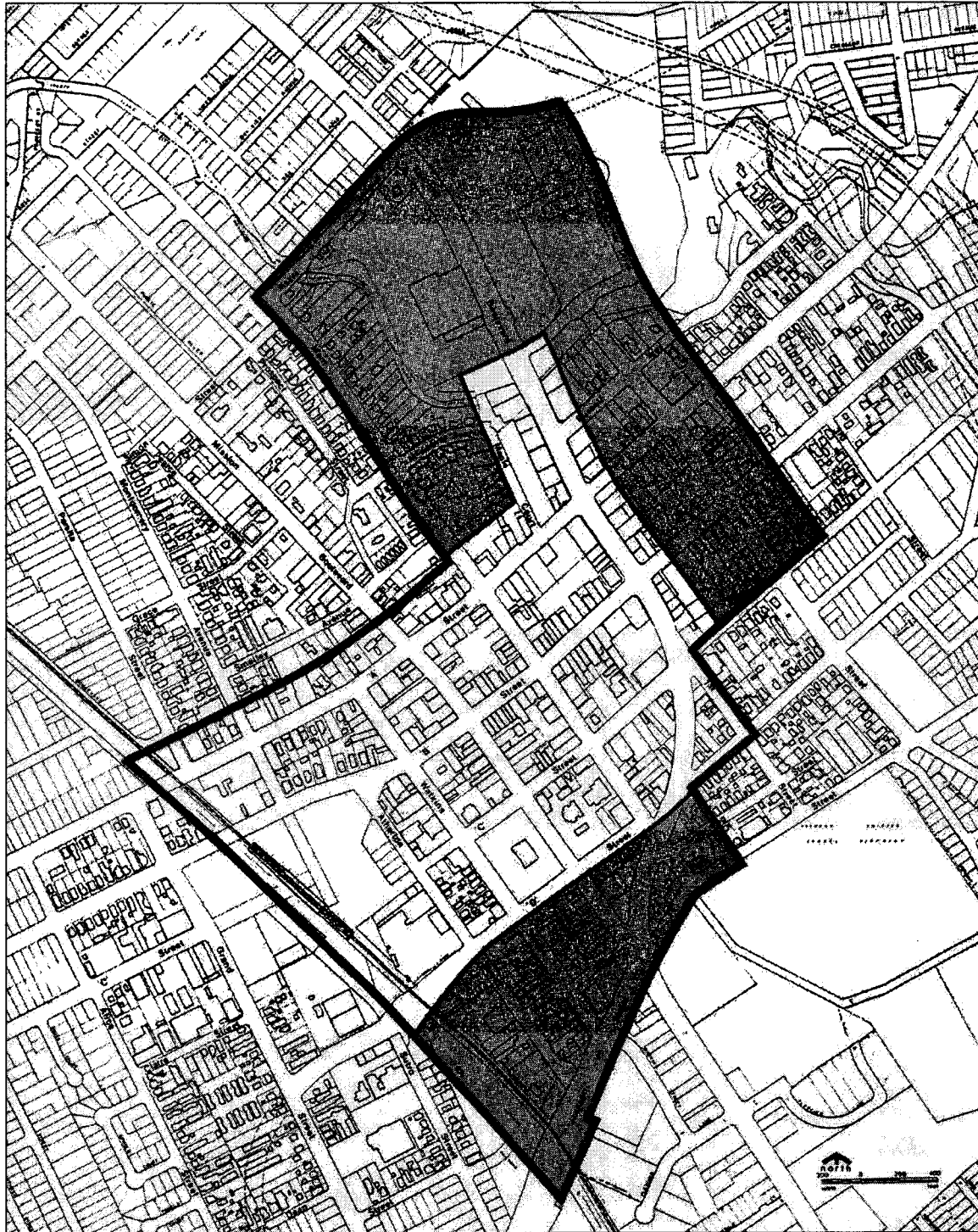
Recommended by:


Sylvia Ehrenthal, Director of Community
and Economic Development

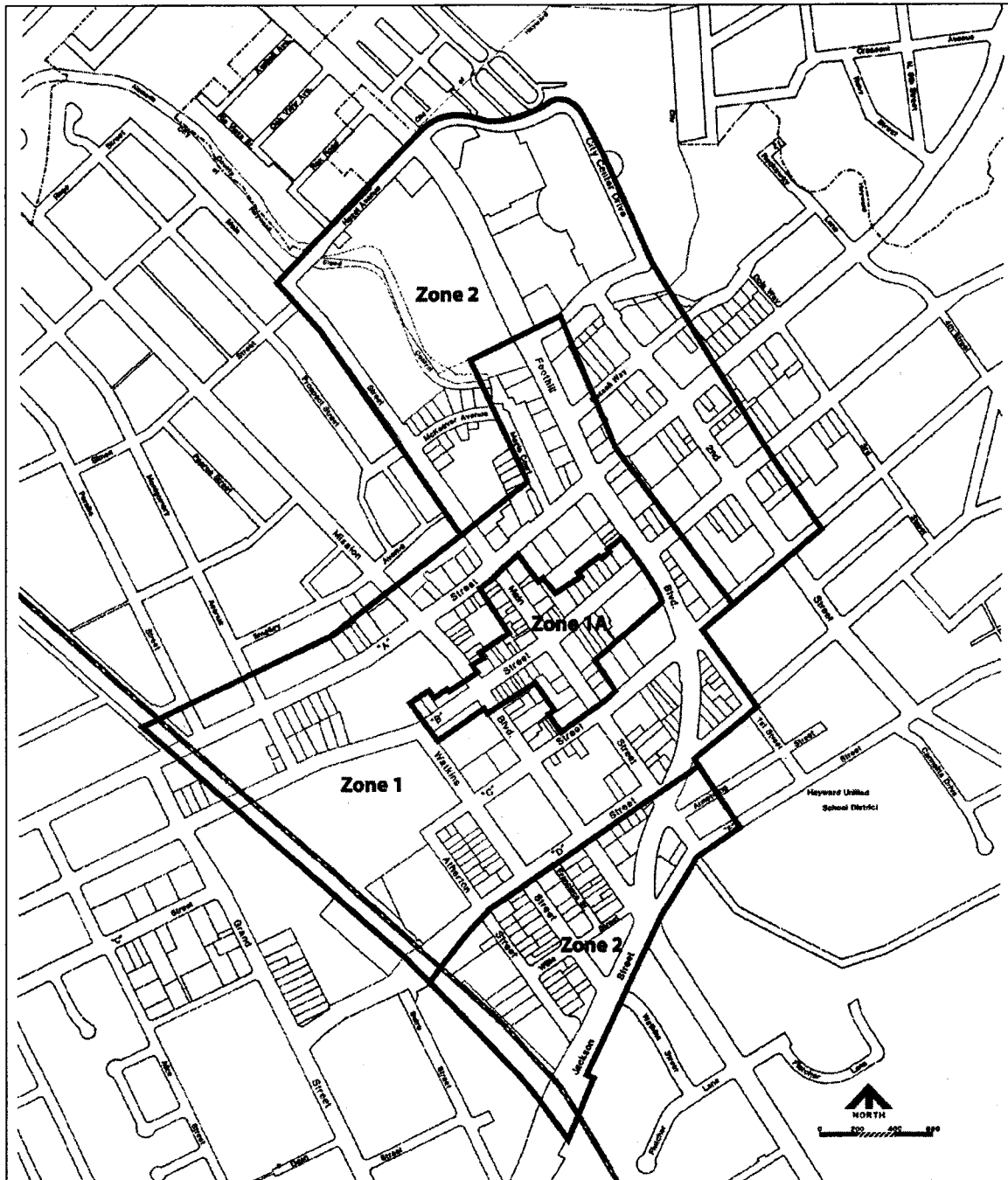
Approved by:


Jesús Armas, City Manager

Attachments: Exhibit A – Existing DBIA Zones and Proposed DBIA Zones
Exhibit B – Existing and Proposed Fee Schedules
Resolution



**DOWNTOWN HAYWARD BUSINESS IMPROVEMENT AREA
CURRENT ZONES**



**DOWNTOWN HAYWARD BUSINESS IMPROVEMENT AREA
PROPOSED ZONES**

Downtown Business Improvement Area

Current Fee Structure

ZONE 1

Professional Service:	\$	100	Flat Fee
Misc. Non-Retail:	\$	100	Flat Fee
Financial Service:	\$	300	Flat Fee
Retail:			
Gross Receipts		Fee	
<i>Less than \$100,000</i>	\$	120	
<i>\$100,001 - 150,000</i>	\$	150	
<i>\$151,001 - 200,000</i>	\$	180	
<i>\$200,001 - 300,000</i>	\$	230	
<i>\$300,001 - 400,000</i>	\$	280	
<i>\$400,001 - 500,000</i>	\$	330	
<i>\$500,001 - 750,000</i>	\$	400	
<i>\$750,001 - 1,000,000</i>	\$	470	
<i>\$1,000,001 and up</i>	\$	500	

ZONE 2

Professional Service:	\$	75	Flat Fee
Misc. Non-Retail:	\$	75	Flat Fee
Financial Service:	\$	200	Flat Fee
Retail:			
Gross Receipts		Fee	
<i>Less than \$100,000</i>	\$	90	
<i>\$100,001 - 150,000</i>	\$	115	
<i>\$151,001 - 200,000</i>	\$	135	
<i>\$200,001 - 300,000</i>	\$	175	
<i>\$300,001 - 400,000</i>	\$	210	
<i>\$400,001 - 500,000</i>	\$	250	
<i>\$500,001 - 750,000</i>	\$	300	
<i>\$750,001 - 1,000,000</i>	\$	350	
<i>\$1,000,001 and up</i>	\$	375	

Proposed Fee Structure

ZONE 1A

Professional Service:	\$	125	Flat Fee
Misc. Non-Retail:	\$	125	Flat Fee
Financial Service:	\$	325	Flat Fee
Retail & Restaurant:			
Gross Receipts		Fee ¹	
<i>Less than \$100,000</i>	\$	145	
<i>\$100,001 - 150,000</i>	\$	175	
<i>\$151,001 - 200,000</i>	\$	205	
<i>\$200,001 - 300,000</i>	\$	255	
<i>\$300,001 - 400,000</i>	\$	305	
<i>\$400,001 - 500,000</i>	\$	355	
<i>\$500,001 - 750,000</i>	\$	425	
<i>\$750,001 - 1,000,000</i>	\$	495	
<i>\$1,000,001 and up</i>	\$	525	

ZONE 1 (OUTSIDE OF NEW ZONE 1A)

Professional Service:	\$	75	Flat Fee
Misc. Non-Retail:	\$	75	Flat Fee
Financial Service:	\$	200	Flat Fee
Retail & Restaurant:			
Gross Receipts		Fee	
<i>Less than \$100,000</i>	\$	120	
<i>\$100,001 - 150,000</i>	\$	150	
<i>\$151,001 - 200,000</i>	\$	180	
<i>\$200,001 - 300,000</i>	\$	230	
<i>\$300,001 - 400,000</i>	\$	280	
<i>\$400,001 - 500,000</i>	\$	330	
<i>\$500,001 - 750,000</i>	\$	400	
<i>\$750,001 - 1,000,000</i>	\$	400 ²	
<i>\$1,000,001 and up</i>	\$	400 ²	

ZONE 2

Professional Service:	\$	75	Flat Fee
Misc. Non-Retail:	\$	75	Flat Fee
Financial Service:	\$	200	Flat Fee
Retail:			
Gross Receipts		Fee	
<i>Less than \$100,000</i>	\$	90	
<i>\$100,001 - 150,000</i>	\$	115	
<i>\$151,001 - 200,000</i>	\$	135	
<i>\$200,001 - 300,000</i>	\$	175	
<i>\$300,001 - 400,000</i>	\$	210	
<i>\$400,001 - 500,000</i>	\$	250	
<i>\$500,001 - 750,000</i>	\$	300	
<i>\$750,001 - 1,000,000</i>	\$	300 ³	
<i>\$1,000,001 and up</i>	\$	300 ³	

LEGEND:

¹ Levy reflects new increase of \$25 in every category² Levy reflects max. cap of \$400 for retail in Zone 1³ Levy reflects max. cap of \$300 for retail in Zone 2

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION CONFIRMING THE ANNUAL REPORT AND
AUTHORIZING THE DOWNTOWN BUSINESS
IMPROVEMENT AREA (DBIA) LEVY AND BENEFIT ZONE
CHANGES FOR CALENDAR YEAR 2002**

WHEREAS, on May 22, 2001, the City Council accepted the FY 2000-01 DBIA Annual report which recommended changes to the benefit zones within the district and changes to the levies within each zone to achieve greater equity in the levy system; and

WHEREAS, the Council established June 12, 2001 as the date for the public hearing on the levy and provided for oral and written protests at that hearing; and

WHEREAS, the DBIA Advisory Board proposes that greater equity can be achieved by:

- (a) Creating a new "Zone 1A," encompassing B Street (between Foothill and Watkins) and Main Street (between A Street and C Street;
- (b) Increasing the levies on all categories of businesses in the new Zone 1A by \$25 per year;
- (c) Decreasing the maximum retail business levy in the existing Zone 1 (outside of the new Zone 1A) from \$500 to \$400; and
- (d) Decreasing the maximum retail business levy in the existing Zone 2 from \$375 to \$300.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Hayward finds as follows:

- 1. The resolution of intention was appropriately adopted and the required notice of the assessment hearing given.
- 2. The assessment hearing has been held and all oral and written protests considered.

3. There has not been a majority protest of either the assessment or boundary change.
4. All properties in the district will derive benefit from the assessment in proportion to the assessment.

BE IT FURTHER RESOLVED that the Council hereby confirms the DBIA Annual Report, authorizes the benefit zone modifications and orders the levies contained in the report.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward